UNITED NATIONS **DP**

Executive Board of the United Nations Development Programme and of the United Nations Population Fund

Distr.
GENERAL

DP/FPA/1998/4
6 April 1998

ORIGINAL: ENGLISH

Annual session 1998
8 - 19 June 1998, Geneva
Item 3 of the provisional agenda
UNFPA

UNITED NATIONS POPULATION FUND

ABSORPTIVE CAPACITY AND FINANCIAL RESOURCE UTILIZATION IN PROGRAMME COUNTRIES

Report of the Executive Director

I. EXECUTIVE SUMMARY

1. At its Annual Session 1996, the UNDP/UNFPA Executive Board adopted decision 96/27, which called upon the Executive Director to carry out a study on ways that UNFPA could help to increase the absorptive capacity and financial resource utilization in UNFPA programme countries. The decision notably requested the Fund to present "concrete recommendations aimed at UNFPA actions to enhance the absorptive capacity and financial resource utilization in recipient countries, in particular those in Africa".

2. This report to the Executive Board on ways to increase absorptive capacity and finance resource utilization in UNFPA's programme countries is based on a number of sources. In particular, it makes use of a report that was commissioned by the Fund and was undertaken by an outside consulting firm and of an evaluation that UNFPA itself carried out on "Assessment of Execution Modalities for UNFPA-Supported Programmes". In analysing the results of these, and other, studies it was apparent that efforts to increase absorptive capacity in developing countries fall into three categories. The first of these are the efforts that countries themselves are undertaking, such as reforming the civil service, allocating greater resources to social sectors and building

infrastructure. Although these are alluded to in this report, they are largely outside of UNFPA's mandate and are thus not discussed in detail. The second category of capacity-building activities are those that can only be effectively addressed by the various development partners, including UNFPA, working together. There are numerous examples of such activities, and they are a recurring theme throughout this report. Indeed, many of the areas of concern are not specific to the areas of population and reproductive health, and, within the United Nations system, can best be addressed through such mechanisms as the United Nations Development Group (UNDG), with whom UNFPA is sharing these findings. Finally, there are the specific things that the Fund can do on its own, many of which it is already doing, to help increase absorptive capacity. In line with the Executive Board decision, detailing those concrete proposals constitute the focus of this report.

3. Developing specific recommendations for UNFPA action was also the focus of the investigation that was conducted by the outside consulting firm. The core of its final report was a series of twelve such recommendations. While the Fund is in agreement with almost all of them, it feels that there are greater and lesser priorities among them and that those recommendations need to be "nuanced" by the experience the Fund itself has gained through the years. Therefore, the body of this report discusses each one of the recommendations in detail and adds additional relevant information. Using these twelve recommendations and the results gleaned from other sources, this report concludes with a number of concrete operational proposals that the Fund feels can be carried out and which would increase the absorptive capacity and financial resource utilization in programme countries. They can be summarized as follows:

(a) Continue to develop human resources by, inter alia, supporting training programmes;

(b) Increase training for nationals in programme management;

(c) Intensify advocacy efforts in order to get countries to recognize their population and reproductive health challenges and to carry out effective programmes to address them;

(d) Continue to expand the use of national execution of UNFPA-supported activities;

(e) Continue to support efforts for countries to build up information systems;

(f) Continue to develop management know-how through UNFPA-supported programmes;

(g) Work to simplify, as much as possible, financial and other reporting requirements;

(h) Continue to work with non-governmental organizations (NGOs) and help build up their managerial and technical capacities;

(i) Continue to provide support at decentralized levels of government;

(j) Continue efforts to increase cooperation and collaboration among international development partners and look at innovative ways of doing so;

(k) Utilize the Fund's new indicators for assessing programme effectiveness;

(l) Utilize recently developed mechanisms for assessing the capacity of potential executing agencies.

(m) Continue working with the UNDG and other coordination bodies to address common concerns related to capacity-building.

II. BACKGROUND

4. Following the adoption of decision 96/27, the Government of Denmark generously offered to finance the cost of carrying out a study to investigate ways that absorptive capacity and financial resource utilization could be increased in programme countries. UNFPA engaged the services of a consulting firm, COWI, to undertake the study. The Terms of Reference included the stipulation that the firm should "make recommendations for concrete measures ... drawing upon the analysis of the capacity constraints and UNFPA's mode of operation in recipient countries". COWI's research for the study included a desk study of relevant documentation, meetings with UNFPA staff at headquarters, a questionnaire that was sent to all UNFPA Representatives and a series of five case-studies in four African countries and one Asian country (Benin, Ghana, Mozambique, Nepal and Zambia). COWI employed national consultants in each of the five case-study countries to collect and analyse data. The final synthesis report as presented to UNFPA on 6 March 1998. The contract provided that COWI would assist the Fund in implementing its recommendations by helping to draft "A Manual for Assessing National Capacity in Population Programming" for future use by UNFPA. A draft of that manual has been submitted to the Fund and is to be pilot-tested in selected programme countries and further refined.

5. COWI decided to undertake its study in association with Goss Gilroy Inc., a Canadian management consultancy company, which had also carried out a study for the Canadian International Development Agency (CIDA) entitled "Evaluation of UNFPA's Contribution to National Capacity Building for Reproductive Health", which was made available to the Fund and which was very helpful in preparing this report. The present report also made use of a number of other internal UNFPA sources, including, for example, "An Assessment of Execution Modalities for UNFPA-Supported Programmes" carried out by the Fund's Office of Oversight and Evaluation and published

in January 1998, as well as a number of other inputs and materials based on reviews of UNFPA experience working in programme countries.

6. At the time the COWI research was being carried out, the Fund was in the process of concluding the revisions to its Policies and Procedures Manual. The revised Programme Guidelines, part of the new Manual, were distributed to headquarters and field staff in November 1997. They state that "the detailed guidelines ... underscore the importance of building national capacity in programme countries to enable them to achieve the goals and objectives recommended in the Programme of Action of the International Conference on Population and Development (ICPD)." Many of the revised policies and procedures anticipated the recommendations that COWI was making almost simultaneously.

7. The mandate to increase national capacity to address population issues has always been a priority for the Fund. At UNFPA's inception, ECOSOC resolution 1763 (LIV) of 18 May 1973 laid out its aims and purposes. The first of these was "to build up ... the knowledge and capacity to respond to national, regional, interregional and global needs in the population and family planning fields". This capacity-building goal has been consistently reiterated in the Fund's policy statements and programmes. The Fund's basic philosophy has been to design its programmes around activities that help to build capacity in the programme country concerned.

III. SUMMARY OF KEY FINDINGS AND CONCLUSIONS OF THE COWI STUDY

8. In the synthesis report, COWI detailed a number of key findings and conclusions. These included the necessity for having a favourable policy environment in the programme country and to have Governments follow up on their policies with effective institutions and programmes. The study noted that there had been considerable progress in improving population and reproductive health indicators in developing countries as a whole in recent years and that UNFPA has made a significant contribution to that.

9. The COWI study found, in agreement with other investigations into the subject, that the lack of management capacity was the single largest constraint keeping programme countries from absorbing resources and carrying out effective population programmes, as it is for all other development efforts. It listed several ways in which the lack of management capacity manifested itself. It was the view of the authors of the study that UNFPA could get around some of the management constraints that existed in national governments, which are subject to many competing priorities, by expanding its cooperation with national NGOs working in UNFPA's programme areas and by, possibly, working with decentralized levels of government; but it noted that the Fund needed to be careful not to spread its limited resources too thinly. The authors of the COWI study also observed that there were ways in which cooperation among members of the United Nations system

and other multilateral and bilateral donors could be strengthened at the same time that it acknowledged the recent development of such cooperation mechanisms as the UNDG, whose contributions are just now beginning to be felt.

10. The COWI study pointed out some particular problems with various UNFPA policies and procedures. These will be dealt with systematically in the body of this report. The study noted that the ongoing shift from execution of UNFPA-supported activities by other international agencies and NGOs to national execution, which the study applauded and which it saw as an important tool of capacity-building, placed greater burdens on the Fund's field offices, which are often not staffed to deal with any additional workload. It recommended that the Fund consider strengthening some of those offices, particularly in category "A" countries where the needs are greatest. The Fund's ability to carry out this recommendation is, of course, linked to the level of its resources, and this will also be considered later in this report. The COWI study noted that following Executive Board decision 96/15 on the allocation of UNFPA's financial resources, the volume of such resources going to category "A" countries, many of which are in Africa, was increasing.

11. Following the terms of reference of the COWI study, it necessarily focuses on concrete operational recommendations for UNFPA actions. However, building the capacity of developing countries to formulate and implement their own sustainable population and reproductive health programmes encompasses challenges that extend far beyond the mandate and resources of UNFPA. As with all development efforts, the overwhelming problems are the lack of trained human resources and the inadequacy of infrastructure. UNFPA cannot hire staff for national programmes, and it cannot build infrastructure. What it can do, and what it does do, in each of the country programmes approved by the Executive Board, is to help countries increase the capacity of staff through such activities as training programmes and to help improve and expand the infrastructure that does exist. The Fund's philosophy is that it is not feasible to wait until an adequate human and physical infrastructure is in place. Therefore, it has, over the years, undertaken a series of innovative initiatives, such as supporting community-based and participatory efforts for the delivery of services, including the use of extension workers and of women, youth and community groups, designed to take best advantage of the infrastructure that is in place.

12. There are other challenges that face the programme countries -- such as issues of civil service reform, the percentage of national resources available to the social sector, and overlapping and unclear lines of organizational or ministerial authority and jurisdiction -- that greatly impact on the effectiveness of all development efforts, including those in the areas of population and reproductive health. These are issues that the developing countries must, and are, facing, and UNFPA, along with its partners in the United Nations system and the international development community as a whole, is helping, both at the national and international level. In the meantime, the Fund welcomes the recommendations, contained in the COWI study and elsewhere, that can help

it to maximize the effectiveness of its efforts to build national capacity. It also looks forward to working with its partners in the UNDG and other forums on ways that the United Nations system as a whole can address these issues.

IV. UNFPA RESPONSE TO RECOMMENDATIONS IN COWI REPORT

13. Recommendation #1. *Reiterate the priority to be placed on capacity development for management of population programmes .... The key need is for training and personnel development in operational and administrative, rather than technical, aspects of population programme and project management.*

14. The COWI report stated that "one of the key findings of the case studies, which has been consistent across all five, has been the critical weaknesses in programme management capacity and the manner in which these weaknesses have more impact on national absorptive capacity than associated technical problems or difficulties in advocacy."

15. The Fund considers that this finding is the one key element in efforts to enhance the absorptive capacity of programme countries -- the need to develop human resource capacities. Since the late 1960s, UNFPA and other organizations dealing with population have invested a considerable amount of resources towards the creation and operation of national institutions to coordinate and implement population activities at the country level. Three decades later, it is evident that it is the human beings in those institutions, not the structures themselves, that account for success in the population field.

16. Clearly, efforts in this area need to be cooperative undertakings with Governments and with other international assistance agencies. Institution-building in developing countries remains difficult. Government service remains less desirable than private-sector employment, and it becomes even less so when opportunities for international employment open up. Salaries and conditions of work are often not conducive to effective delivery. NGO salaries and benefits are often even lower than those in government employment. In some countries, making population a high priority for the Government has helped institution-building efforts. In others, however, such pressing issues as continued national budgetary and fiscal problems, poverty alleviation, social unrest and armed conflict have hindered institution-building.

17. As a result, the Fund's own evaluation of execution modalities found that there was often a severe shortage of people from the Government, NGO and other sectors who could formulate and manage population and reproductive health projects. It also found that the development of government capabilities in project formulation appeared to be a key element in national execution. UNFPA-funded efforts in this regard -- such as conducting training in programme and project

formulation, hiring national consultants, holding project development workshops, organizing study tours for key leaders, and establishing National Project Teams to assist with programme and project formulation efforts -- have proved successful in some countries. Even such a relatively simple approach as issuing a formulation manual has been found to be very useful in a number of countries. The Fund's Policy and Procedures Manual clearly spells out that in formulating and managing its programmes, such as in the preparation of the new Country Population Assessments, field offices are mandated to call on national expertise. The CIDA study did, in fact, find that UNFPA was promoting the utilization of national consultants in place of international consultants.

18. Over the years, the Fund has found that an important element in enhancing capacity is the development of human resources through formal and non-formal education, training, apprenticeship and learning by doing. Support has been provided for long-term educational degrees and for short-term training programmes. The Fund continues to promote the greater use of NGOs in programme implementation by helping to train their staff and develop their management capacity. The Fund is also expanding the use of National Professional Project Personnel (NPPPs), and UNFPA is committed to the increased use of South-South mechanisms, such as the "Partners in Population and Development", which was established following ICPD. The Fund is in discussions with the World Bank on possibly co-sponsoring a major training programme in population and reproductive health.

19. Along the lines of the COWI recommendation, the Fund is putting more emphasis on training national staff in the management of assistance, i.e., developing the skills and competencies needed to formulate, manage, monitor and evaluate programmes as opposed to the development of technical capacities alone. The Fund's Country Support Teams (CSTs) have proven instrumental in mobilizing national expertise as well as in transferring skills and knowledge to national counterparts and promoting managerial self-reliance at the country level.

20. Recommendation #2. *Develop accepted indicators of programme and subprogramme effectiveness for monitoring of results and qualifying implementation rates.*

21. Success in capacity-building is difficult to measure. It requires the development of an objective set of indicators that can be used to measure an organization's capacity at both the beginning and end of the capacity-building support. To evaluate capacity-building efforts requires collection of baseline information at the outset. UNFPA has long been aware of the need to develop such indicators, and that awareness has intensified since the ICPD. At the same time that COWI was undertaking its study, the Fund's Technical and Planning Division was undertaking a major effort in this regard that resulted in the publication of a handbook entitled "Indicators for Population and Reproductive Health Programmes", published in November 1997. These indicators include several on capacity-building of personnel and on "management" that are designed to measure to what extent

the population and reproductive health programmes are successful in building national capacity. The indicators have been incorporated into the Fund's revised Policies and Procedures Manual.

22. The indicators developed by the Fund are designed to expand upon those that were developed by the United Nations' Task Force on Basic Social Services for All (BSSA), chaired by UNFPA. The Task Force focused on developing a set of indicators to assist countries in monitoring their progress in achieving the goals agreed at the ICPD and other recent United Nations global conferences. The Task Force developed a wall chart on basic social services for all, which has been distributed widely throughout programme countries and can also be accessed via the Internet. To show where countries are currently and where they should aim to be in the future, the wall chart provides country data in six key areas: population; primary health care; nutrition; basic education; drinking water and sanitation; and shelter. It should be noted that eight of the indicators on the wall chart are the same as eight of the fifteen indicators in the Minimum National Social Data Set (MNSDS) endorsed by the Statistical Commission of the United Nations at its 29th session in February 1997. Additionally, six of the seven ICPD-goal indicators selected by UNFPA for its revised approach to resource allocation are the same as those on the wall chart.

23. In April 1997, the Task Force's Working Group on Reproductive Health, with WHO as the lead agency, organized a technical meeting on reproductive health indicators for global monitoring. This meeting, which brought together participants from developing countries and technical experts, as well as representatives of United Nations agencies, focused on reaching consensus on a short list of reproductive health indicators for national and global monitoring. These indicators meet certain essential criteria; they are considered to be ethical, useful, scientifically robust, representative, understandable and accessible. This short list of 15 indicators provides an overview of the reproductive health situation in different settings.

24. In addition to the development of standard indicators, the new Policies and Procedures Manual incorporates the logical framework ("logframe") technique, which specifies the use of Objectively Verifiable Indicators (OVI) and Means of Verification (MOV). When subprogrammes and their component projects are developed, OVIs and MOVs are established for all outputs and activities. Within the logframe approach, the OVI and the MOV provide the focus for data collection to guide programme monitoring. Monitoring of country programme implies regularly measuring progress towards the achievement of programme outputs through the OVIs. Evaluation of UNFPA-assisted subprogrammes and component projects assesses the extent to which the subprogramme has achieved its outputs in light of the OVIs established and develops lessons learned from that analysis.

25. Recommendation #3. *Increase advocacy and policy development support to strengthening the programmatic response of key ministries and agencies so that they adequately follow through on national statements of priority objectives in population.*

26. "One of the most positive outcomes of the [COWI] study has been the recognition in the case-study countries and in the questionnaire completed by UNFPA Representatives that national governments, NGOs, civil organizations and external donors, including UNFPA, have made considerable progress in improving the awareness of population issues, especially as they relate to reproductive health and family planning, among the general population. In several very difficult national environments, recent knowledge, attitudes and practice (KAP) studies and demographic and health surveys document very significant improvements in awareness of these issues."

27. Some of the ways that UNFPA works to reach these goals are not always obvious. The CIDA study pointed out, for example, that UNFPA had helped support a number of Governments in developing population policies and programmes by working behind the scenes in the early stages of policy development and in laying the groundwork for the initiation of large-scale family planning programmes. The same study also pinpointed certain activities that do not fall under the rubric of "advocacy" but which are crucial to changing attitudes and building capacity: "Integration of sex education topics into the school curricula is an important aspect of institutional capacity-building. UNFPA has provided technical support for the conduct of demographic and health surveys and their analyses. Demographic and health surveys are the cornerstone for both the planning and evaluation of the effectiveness of reproductive health programmes."

28. One of the ways in which UNFPA country programmes have supported national programme efforts over the years has been through helping to build up the information base countries need to formulate effective population and reproductive health programmes. In a series of case studies, UNFPA's evaluation of execution modalities found that such activities as supporting censuses, family and fertility surveys, demographic analysis, adolescent reproductive health surveys and a wide variety of other data collection and analysis tools had been vitally important in helping those countries work towards achieving their own programme goals.

29. The recognition on the part of the COWI and CIDA consultants of the positive changes that have taken place in recent years in terms of the recognition by Governments and the people of the world of the importance of population and reproductive health issues and of UNFPA's role in helping to bring about this change is highly gratifying. The Fund could not agree more wholeheartedly that these efforts must be intensified and that at the country level continued advocacy needs to be done to help Governments turn their stated commitments into sustainable programmes. Such efforts are included in all of the country programmes that are presented to the Executive Board for its approval.

30. Recommendation #4. *Continue to use national execution to the maximum extent possible. At the same time, national execution should be defined and implemented in as flexible a manner as possible, with UNFPA or external agencies providing selective implementation support as needed.*

31. The COWI report recognized that UNFPA had been a leader in moving to national execution for its programmes. It noted, however, that this move has presented a considerable challenge to the Fund, as it has to other agencies, when seen in terms of maintaining high ratios of target resource utilization. Likewise, the CIDA study found that UNFPA was currently going through a transition from an emphasis on execution by United Nations agencies to national execution. The study made the point that UNFPA's transition to national execution was an important contribution to capacity-building in that the learning-by-doing experience of actively executing and implementing projects rather than serving as counterparts and recipients of agencies' projects was vital.

32. The outside studies and UNFPA's own investigations have shown that implementing greater national execution is not without its pitfalls. The COWI study found, for example, that: "UNFPA's expressed commitment, endorsed by the Executive Board, to national execution implies different modes of programme design and delivery which themselves may tax limited managerial capacity and thereby impede, at least in the short run, financial resource utilization." The move towards national execution has had the effect of increasing the workload of UNFPA field offices. There has been increasing demand on those offices in particular to provide managerial support to project activities.

33. The Fund's own evaluation of execution mechanisms and the COWI study do agree that if the national execution mechanism is implemented in a flexible way some of the problems can be avoided. The COWI case studies found that opportunities existed to improve national absorptive capacity by arriving at a mix of implementing actors and agencies, better combining comparative strengths and overcoming some of the shared weaknesses. UNFPA has promoted national execution by adopting an approach that is intended to complement the strengths and weaknesses of national institutions with the participation of one or more external executing agencies, including international NGOs that work with and strengthen the capacity of national NGOs. It was also clear from the various studies that there were occasions when UNFPA execution was more effective than execution by another outside agency.

34. Successful examples of this flexibility in combining national execution with outside support are becoming widespread. In some cases where UNFPA has not had an official executing role, it has undertaken some executing functions, such as implementing international components, administering training activities and helping prepare progress reports and financial statements. Direct and official UNFPA participation as an execution partner has been selected mainly when national institutions have some technical and managerial capacity and the support needed could be

provided by UNFPA, primarily through the Technical Supports Services (TSS) system and for procurement activities. Successful projects have often involved collaborative arrangements among various executing agencies. The UNFPA evaluation found that carefully designed projects that allocated specific duties and responsibilities to the Governments, a United Nations agency, an NGO and UNFPA were more likely to achieve project objectives.

35. COWI's recommendation mirrors that of UNFPA's own evaluation exercise: "Adopt flexible approaches to the transition to national execution so that United Nations and other agencies, where appropriate, may continue to support national executing agencies in specific functions". However, it must be kept in mind that adopting and implementing such arrangements can be time and labour intensive, both for the Fund's field offices and for headquarters in that they require a great deal of management input and considerable amounts of staff time.

36. Recommendation #5. *Continue to emphasize programming in the core areas but with an urgent commitment to providing key tools and guidelines on programme design, development, budgeting, implementation, monitoring and evaluation to both country offices of UNFPA and to government and non-government agencies.*

37. COWI's consultants found that "UNFPA's strategic commitment to the goals of the ICPD must involve the organization in support of more complex forms of programming, and may, in the short term at least, represent a challenge to the absorptive capacity of developing countries and to financial resource utilization." UNFPA has taken action on this recommendation through the issuance of the new Policies and Procedures Manual, which provides "the key tools and guidelines" that will allow the national agencies and the UNFPA field offices to carry out their responsibilities under the new core programme framework by, among other things, streamlining programme procedures as well as financial reporting and accounting requirements. This is being accompanied by an emphasis on training of UNFPA staff and national counterparts in all aspects of the new Programme Guidelines and new tools of programme management, such as the logframe.

38. Recommendation #6. *Develop programmes aimed at addressing specific managerial shortcomings in key implementing agencies, especially those relating to financial management and accountability.*

39. UNFPA's evaluation of execution mechanisms found that one area requiring more attention was the development of managerial skills, particularly skills in financial management. The evaluation noted that external inputs to build national capacity required a long-term plan that usually went beyond the duration of one project or programme period. A carefully considered plan for capacity development and institution-building needed to be an essential part of programme activities. The evaluation found that the essential principle in responding to the need for improved programme

management capacity was to match each response to the needs diagnosed. The most acute needs should probably be met first by in-service training. The evaluation found that there was a clear need for better in-service training in specific functional areas of population programme management.

40. The UNFPA evaluation also identified some successful initiatives and some innovative approaches. It found, for example, that Chief Technical Advisers (CTAs) on projects were sometimes effective agents for the transfer of know-how. It felt that this could be enhanced by addressing the responsibility of CTAs to train their national counterparts in their terms of reference. Professional capabilities and personality traits conducive to teaching and transferring knowledge and abilities need to be emphasized in the recruitment of CTAs, and efforts need to be made to ensure that Governments make counterparts available.

41. In the Philippines, the evaluation found that an innovative approach known as Project Management Teams had been highly effective in developing and retaining local expertise. The establishment of Project Management Teams provided monetary incentives, social status, and opportunities for service to country experts who, otherwise, might not participate in the public sector. Public recognition of the services of people with outstanding accomplishments in population affairs might also be used. An "exit strategy" that does not hamper implementation, however, has to be established from the beginning to promote sustainability.

42. Training activities in methods and processes involved in project formulation have been tried in some countries. These have had beneficial results, particularly when the training programmes were conducted in a learning-by-doing manner. The new Policies and Procedures Manual encourages such training modalities. UNFPA will pursue such training activities in close cooperation with all relevant United Nations partners, for example through the United Nations Staff Training College in Turin, Italy, and the UNDG.

43. Recommendation #7. *Strengthen the decentralization process in recipient countries primarily by supporting central government and national-level institutions including NGOs as they respond to decentralization. (UNFPA should be careful in entering projects of direct support to decentralized authorities in order to not further stretch its own limited in-country technical and managerial capacities and weaken its capacity to respond to needs at the national level.)*

44. COWI found that "with its history of providing technical and administrative support to population policies and programmes at the national level, UNFPA has an established capacity and reputation which means it is actively sought as a partner by district and provincial authorities under newly decentralized systems. The challenge for UNFPA is to match its own capacities with the needs emerging in decentralized systems without foregoing or diluting its efforts at the national level. ... By providing selected support to decentralized programme authorities in some countries,

UNFPA can help to pilot test and to prove the utility of new approaches to programme design and implementation and to service delivery. It may also be true that the decentralized level provides more opportunity for working with NGOs and the private sector."

45. UNFPA feels that the advantages and opportunities presented by new decentralized structures are, in fact, greater than what COWI seems to indicate in its report. The Fund is, in fact, vigorously providing the "selective support" that COWI recommends. For example, in the country programmes presented at the Executive Board's second regular session 1998, 8 out of 15 of the programmes in Africa, 4 out of 6 in Asia and all three of those in Latin America and the Caribbean included components that focused on decentralized levels of the government while, importantly, maintaining assistance for activities at the national level as well. These issues are also under study within the UNDG since they are of concern to all UNDG member organizations.

46. Recommendation #8. *Act as an advocate for increased involvement of non-governmental institutions, including NGOs, civil society groups and the private sector, in the development and delivery of population programmes and initiatives.*

47. The COWI study places stress on "the care which needs to be taken in assessing national capacity to go beyond the boundaries of state organizations to see what capacity exists in the voluntary and private sectors". It does, however, recognize possible constraints: (a) the limitations that NGOs may face in providing widespread service coverage; (b) the fact that as part of the United Nations system, UNFPA acts under agreements with Governments, and that the collaboration of state and non-state actors cannot be assumed; and (c) the realization that NGOs and other civil organizations present " their own special challenges for capacity development" (i.e., their capacity is often more limited than that of governmental partners).

48. The opportunities presented by the greater use of national NGOs in implementing UNFPA-supported activities as well as the challenges that this poses are recognized in the Fund's evaluation of execution modalities. It found that NGOs proved to be effective executing agencies in countries where Governments faced political, religious and other sensitivities related to population. They often showed creative flexibility in such fields as IEC and community-based programmes. The spirit of voluntarism they generated added not only vigour and enthusiasm but also, in many cases, cost-effectiveness in project execution. There are, of course, challenges that need to be addressed in expanding cooperation with NGOs. Governments of some countries, for example, perceive national NGOs as competing for resources or as being antagonistic to their political views and have not accepted the participation of national NGOs. The most serious problem for NGOs, however, is their human and financial resource limitations, which UNFPA is trying to address by helping to strengthen the management capacities of national and grass-roots NGOs; the Fund has also turned to international NGOs for help in this area.

49. Once again, the key appears to be flexibility. In countries where both the Government and NGOs have the capacity to manage projects and can work together, this modality may achieve excellent results. Joint Government and NGO efforts have the advantage of creating a sense of ownership by upholding government priorities at the same time that they marshall the energy and enthusiasm of national NGOs.

50. The Fund subscribes to the view that it can expand its work with NGOs, and, particularly since the ICPD, it has been working actively to strengthen its partnerships with them. These efforts have included the establishment of an NGO Advisory Committee; revision of the Fund's NGO guidelines; establishment of an internal advisory committee to, among other things, review interregional project proposals submitted by NGOs; research to find appropriate national NGO partners; and development of a system for NGO accreditation. Under its country programmes, the Fund continues to help provide management support to grass-roots organizations where it is needed. The annual meetings of the NGO Advisory Committee have proven to be a vital forum for dialogue with NGOs and for discussions of ways in which the Fund can expand its cooperation with them.

51. Recommendation #9. *Take a lead among external agencies providing support to population programmes to simplify accountability and reporting requirements while emphasizing identification and collection of data on programme effectiveness indicators.*

52. UNFPA's evaluation of execution modalities also found that there was agreement among national project officials, United Nations agency representatives and NGO officers that some UNFPA financial management procedures were complex and in need of simplification. United Nations and international NGO headquarters staff in charge of financial management said that the UNFPA forms asked for too many details on expenditures and were too time-consuming to fill out. Although executing agencies recognized UNFPA's need to ensure accountability of funds, they said that report formats contributed to delays in reporting expenditures. Some officials recommended different types of reports, with simpler reporting on smaller projects and more complete reporting on larger ones.

53. Finding appropriate solutions to balance ease of reporting with financial accountability is an ongoing concern. The Fund is accountable to the Executive Board for all of its expenditures and is subject to internal and external auditing on how its financial resources are utilized. This requires a certain level of detailed accounting that can only be obtained by reports from executing agencies. However, UNFPA is in the process of developing a user-friendly financial management system as well as revising its Finance Manual and, as a result, is working to streamline its financial documentation procedures as much as possible.

54. As for emphasizing the role that executing agencies need to play in collecting data on programme effectiveness indicators, this is an area that is addressed in the Fund's new Programme Guidelines, which include, as mentioned above, indicators for population and reproductive health programmes. Streamlining reporting requirements and collecting appropriate data on programme effectiveness are also subjects of concern to United Nations coordinating mechanisms, such as the UNDG, and the Fund will continue to raise these issues in the appropriate forums.

55. Recommendation #10. *Support efforts to develop and implement mechanisms for improved donor coordination, including Sector Investment Programmes, while recognizing the need to ensure that the agency remains free to support population activities which go beyond the boundaries of a specific sector or national agency.*

56. The COWI study concluded that "it is evident from the five Country Case Studies that donor coordination is an acknowledged problem in matching the absorptive capacity of countries and the effective utilization of financial resources."

57. This is an ongoing challenge and one that involves many agencies besides UNFPA, agencies that it usually has no control over. There have been, however, quite a number of recent initiatives designed to tackle these issues. There are several coordinating initiatives being undertaken at present, some of them not commented on by the COWI study. The initiatives include the mechanism of the Country Strategy Note (CSN), efforts by the Resident Coordinator system to coordinate a system-wide response in each programme country to United Nations conferences, and the Secretary-General's proposals for United Nations reform, including the UNDG and the development of the United Nations Development Assistance Framework (UNDAF). These are all designed to help improve inter-agency coordination at the level of United Nations agencies and their government counterparts.

58. The Fund has also developed a new programming tool that is designed to foster greater cooperation among international development partners. This is the Country Population Assessment (CPA), whose findings reflect the country's own development plan, the UNDAF and other programmes of assistance of the international donor community. It builds on the United Nations Country Assessment and actively involves United Nations system partners, representatives of Executive Board member states and the donor community. This new mechanism is designed to involve other international development partners more directly in the programme formulation process so that the Fund's activities in each country better reflect its own strengths and complement the efforts of other development partners.

59. The Fund's evaluation report on execution modalities found that one mechanism suggested by a number of officials for effecting coordination is the signing of an agreement by UNFPA, the

Government and the executing agency concerned regarding the exact sharing of responsibilities among them. Such an agreement would spell out the tasks required of an executing agency or agencies and the responsibilities of the Government. Based on this signed agreement, the specific tasks, budgets, schedules of activities and processes and procedures would be worked out. In this way, the agreement itself would become an effective tool for coordination.

60. While recognizing that all these efforts are worthwhile, COWI found, however, that "on the other hand, even if these efforts should succeed, they will not solve the issue of how to achieve better co-ordination in the mix of multilateral and bilateral agencies providing support to population programming in many countries". Therefore, COWI recommends consideration of the Sectoral Investment Programs (SIPs) that are being initiated and coordinated by the World Bank. "It is imperative that UNFPA respond to the development of SIPs in a constructive manner. It is essential that UNFPA support to population programmes and activities take part, to the extent possible, within appropriately designed and implemented SIPs. In order for that to happen, UNFPA will have to play a much more pro-active role in relation to SIPs."

61. UNFPA has been in discussions with the World Bank and other, bilateral, donors as to how it might best participate in the SIPs. Recently, the Executive Director, Deputy Executive Director (Programme) and senior staff of UNFPA have invited the World Bank to discuss concerns related to SIPs and other matters. The Fund's chief concern has been to ensure that reproductive health concerns are suitably addressed under this initiative. The methodology for the SIPs is still evolving, and there is as yet no fixed model or guidelines for developing them. The Fund is of the view that if the health sector programmes are to be effective the underlying analysis should contain information on reproductive health status and goals; the training should encompass reproductive health issues; physical structures should be designed to accommodate reproductive health needs (e.g., space for women to have pre-natal consultations); and a common system of logistics needs to be worked out. In a meeting with the Executive Director, the World Bank welcomed the Fund's suggestions, and it was agreed that technical staff from the World Bank and UNFPA would strengthen their cooperation to see how issues of concern to both organizations could be addressed. UNFPA also actively participates in UNDG exchanges with the World Bank; the SIP has been one of the focuses of such discussions.

62. Recommendation #11. *Initiate, along with other United Nations agencies and interested bilateral organizations, and in collaboration with national governments, a process whereby national capacity in population programmes can be assessed in a single collaborative effort.*

63. The main element for the selection of the most appropriate modality of execution is the careful assessment of the existing capacity of prospective national institutions, whether governmental or non-governmental. The new Policies and Procedures Manual states that the development of national capacity is an overarching objective of all development activities and must be addressed at the analysis and strategy formulation stages. In the analysis stage, therefore, an ad

hoc working group is to assess national capabilities for policy formulation, programme development and implementation, including monitoring and evaluation.

64. The Programming Guidelines provide for an analysis of capacity assessment that includes the risks associated with working with each institution and the strategies for dealing with such risks. A clear explanation is to be given as how and why the institutions were selected, what alternative arrangements were considered and whether opportunities for South-South cooperation were explored. If national execution is foreseen, there is to be an assessment of the concerned national institutions to determine that sufficient capabilities are in place to execute the components of the subprogramme. The ad hoc working group is to state how the assessment was made and the basis for deciding that the concerned national institutions were ready, willing and able to manage the execution responsibilities for the proposed subprogramme.

65. In order to help with these assessments, the Fund's evaluation of execution modalities included a "Checklist for the Assessment of Potential Executing Agencies" that was approved by the Fund's Policy and Planning Committee (PPC) for the use of field offices. In addition, a manual for assessing national capacity for population programming, based on the experiences of the COWI Study Team, was added as an important output of the COWI study. All of these mechanisms are quite new, and it will be necessary to test them to see how well they work in helping the Fund assess capacity for execution of programmes. Certainly, it will be very helpful to compare the experiences of other development partners in the use of their own assessment mechanisms. However, at this point it is not known whether it would be desirable, or even possible, to develop one set of assessment tools that could work for all agencies in all situations. This is one area that will be addressed through the further development of the UNDAF process with the aim of developing better and common assessments of capacity. There are certainly areas, such as auditing, where a common assessment by United Nations agencies would be helpful.

66. Recommendation #12. *Implement a series of measures aimed at ensuring that adequate managerial and supervisory support to programmes is available at country office level, including clarification of decentralized programme authorities; rationalization of the functions of the Country Support Teams (CSTs); addressing problems in the career planning and advancement for National Professional Officers; and selective strengthening of staff positions in priority countries.*

67. Many of the specific things that COWI is recommending are being addressed by UNFPA and are covered in the new Policies and Procedures Manual. As for the CSTs, UNFPA continues to support the building of regional and country-level capacity through its TSS/CST system. The CIDA study pointed out that in establishing the CSTs, UNFPA had assembled a regional group of experts with the capability to support country programmes. Since many of these experts come from the region, and are likely to stay in the region, the study considered this to be an important contribution

to capacity-building. The Executive Board reviewed an interim report on the entire TSS system at its second regular session 1998, and the system as a whole is scheduled to be looked at comprehensively in the year 1999. In the meantime, the needs of the CSTs in terms of the disciplines they require are continually being evaluated, and there may well be occasions, for example, in which it is thought advisable to add management specialists to the teams.

68. As for the field offices, the demands for greater backstopping of nationally-executed programmes are coming at a time when field offices are often extremely understaffed and, in some cases, stretched to their limits. As COWI pointed out, however, "it should be noted that the relative deficiencies of UNFPA's capacity at country office level are directly related to both the need for more investment in population programming and the capacity of programme country governments. As programmes have been increased, and as more emphasis has been place on category A countries, it is understandable that capacity deficiencies should arise in some country offices."

69. COWI also noted that "It is a problem that the management of UNFPA -- even late in the financial year -- does not exactly know how much the organization will receive from its donors. The reliance on voluntary funding, which is difficult to predict, [is] in itself a constraint to effective utilization of financial resources."

70. The addition of staff to field offices is, therefore, tied to the Fund's efforts to secure stable, predictable and rising income. Of course, strengthening the field offices is not just a question of increasing numbers of staff. Much can be achieved by increasing the efficiency of the offices through such initiatives as training programmes, streamlined programming and accounting guidelines and providing support from CSTs and headquarters. These ongoing activities will be continued.

V. CONCRETE OPERATIONAL PROPOSALS

71. Building on the twelve recommendations that are contained in the COWI report and on the studies that the Fund itself has undertaken, notably the "Assessment of Execution Modalities for UNFPA-Supported Programmes", UNFPA considers that there are several concrete operational activities that should be continued or intensified that would be effective in increasing the absorptive capacity and financial resource utilization in the countries in which the Fund is carrying out population and reproductive health programmes:

(a) Continue efforts to develop human resources by, among other things, conducting formal long-term and short-term training programmes, supporting on-the-job training activities, using national consultants in project formulation and implementation, expanding the use of National

Professional Project Personnel, taking advantage of opportunities for South-South cooperation and by supporting workshops, seminars, study tours and other mechanisms for the exchange of expertise;

(b) Increase training for nationals on management aspects of programmes and projects;

(c) Intensify advocacy and policy development efforts with Governments and elements of the civil society of programme countries in order to gain increased recognition of population and reproductive health challenges and help the countries develop and carry out the action plans needed to implement their own population policies and programmes;

(d) Continue to expand the use of national execution mechanisms where possible, utilizing them in a flexible manner so that they serve as a means of developing national capacity, both of Governments and NGOs, at the same time that they do not jeopardize programme effectiveness and the capacity of UNFPA's country offices to support;

(e) Continue to support activities, through country programmes, that will help countries build up their information systems, including health information systems, logistics information management systems and the capacity for data collection and analysis.

(f) Continue to develop ways of imparting management know-how through UNFPA-supported activities, such as using Chief Technical Advisers as channels to pass on such knowledge; by establishing Project Management Teams; and by training personnel in all aspects of management;

(g) Work to simplify, as far as possible without sacrificing necessary accountability, the Fund's financial reporting requirements for its programmes;

(h) Continue to work with NGOs in programme countries and to provide support, both directly and by working with international NGO partners, in order to help strengthen the managerial and technical capacities of national NGOs and grass-roots and community organizations;

(i) Continue to provide support at the decentralized governmental levels in programme countries and to help build the capacities of both governmental and non-governmental institutions at those levels while continuing support for initiatives that are best carried out at the national level;

(j) Continue efforts to increase cooperation and collaboration among all international development partners;

(k) Utilize the new "Indicators for Population and Reproductive Health Programmes" in order to measure the effectiveness of the Fund's programmes and of its efforts at capacity-building, and to refine the indicators as necessary;

(l) Utilize the new "Checklist for the Assessment of Potential Executing Agencies" and refine it as greater experience is gained in its use;

(m) Continue to work within the UNDG to review issues that are of common concern to all United Nations operational organizations concerning national capacity and national execution and capacity-building and devise common strategies to address these more effectively within the Resident Coordinator system.

VI. ELEMENTS FOR A DECISION

72. The Executive Board may wish to:

(a) Take note of the report by the Executive Director on "Absorptive Capacity and Financial Resource Utilization in Programme Countries" as contained in document DP/FPA/1998/4;

(b) Endorse the actions that have already been taken to increase absorptive capacity and resource utilization in programme countries, notably through the issuance of the new UNFPA Policies and Procedures Manual;

(c) Endorse the recommendations for further developing absorptive capacity and resource utilization in programme countries contained in document DP/FPA/1998/4;

(d) Urge the Executive Director to take the steps necessary to implement the recommendations.